

Message Text

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DEPARTMENT PASS EXIMBANK

E.O. 11652: N/A
TAGS: EFIN, YO
SUBJECT: EXIMBANK OPERATING PROCEDURES

REF: BELGRADE 3110

SUMMARY: ASSISTANT FINANCE SECRETARY STOJILJKOVIC REQUESTED MEETING WITH E/C COUNSELOR APRIL 19 TO PROVIDE COMMENTS ON APRIL 11 CEMOVIC/MOORE LETTER AND SUGGEST PROCEDURES FOR RESOLVING PRESENT IMPASSE. IF EXIM RESPONSE TO CEMOVIC LETTER IS POSITIVE, STOJILJKOVIC PROPOSED INITIATING NEGOTIATIONS IMMEDIATELY THROUGH EMBASSY AND FINANCE SECRETARIAT TO BE FOLLOWED BY EXIM TEAM VISIT TO BELGRADE WITH VIEW TO REACHING AGREEMENT BY MAY 20-25.
END SUMMARY

1. STOJILJKOVIC EXPLAINED HE HAD REQUESTED MEETING WITH EXC COUNSELOR TO PROVIDE AMPLIFYING COMMENTS ON CEMOVIC/MOORE LETTER AND TO CARY PROCESS STEP FURTHER. HE CHARACTERIZED LETTER AS THINGS NOT WORKABLE, AND GOING TO LIMITS OF THEIR POSSIBILITIES. YUGOSLAVS HOPE FOR EARLY RESPONSE FROM EXIM AND, IF SUBSTANCE OF CEMOVIC LETTER "BASICALLY ACCEPTABLE", WISH TO DETERMINE HOW TO PROCEED NOW IN RESOLVING ISSUE. THEY "WILL CONSIDER ANY EXIM PAPER" ON BASIS OF IDEAS IN CEMOVIC LETTER.

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2. STOJILJKOVIC THEN SUGGESTED FOLLOWING TWO ALTERNATIVES:
A. MEMORANDUM OF UNDERSTANDING BETWEEN EXIM AND FINANCE SECRETARIAT, ALONG LINES INDICATED IN CEMOVIC LETTER, TOGETHER WITH SEPARATE LETTER FROM NATIONAL BANK GOVENOR TO MOORE ON FORIEGN EXCHANGE ASSURANCES AS PER DRAFT ACCOMPANYING CEMOVIC LETTER.

B. OPERATIONAL AGREEMENT OR UNDERSTANDING BETWEEN EXIM AND YUGOSLAV BANKS WITH WHICH IT WISHES TO COOPERATE (STOJILJKOVIC SAID THIS PREFERABLE APPROACH AND BETTER CORRESPONDED TO YUGOSLAV FINANCIAL SYSTEM). SUCH DOCUMENT WOULD BE ACCOMPANIED BY NATIONAL BANK LETTER AS IN ALTERNATIVE A. IT COULD ALSO BE ACCOMPANIED BY EXCHANGE OF LETTERS BETWEEN MOORE AND FINANCE SECRETARY. STOJILJKOVIC SAID YUGOSLAVS CAN BE FLEXIBLE AS LONG AS "BASIC THRUST" OF IDEAS IN CEMOVIC LETTER CAN BE REALIZED AND CONFLICT WITH EXISTING REGULATIONS IS AVOIDED. HE SAID THE TWO ALTERNATIVES WERE SUGGESTIONS FOR PROCEDURE, THAT THEY WERE NOT FIRM AND COULD BE DISCUSSED.

3. E/C COUNSELOR ASKED ABOUT YUGOSLAV POSITION ON THIRD PROPOSAL IN EXIM'S DRAFT MEMORANDUM OF UNDERSTANDING REGARDING GOVERNMENTAL SUPERGUARANTEE IN CERTAIN CASES. STOJILJKOVIC REPLIED IT WAS "PREMATURE" TO CONSIDER THIS NOW AND THAT SUCH COMMITMENT SHOULD NOT BE GIVEN IN ADVANCE. ON A GIVEN DEAL, HE SAID, WE CAN DISCUSS ISSUANCE OF SUPERGUARANTEE BY FEDERAL ASSEMBLY IN ACCORDANCE WITH PRESENT LAW--"WE ARE NOT AGAINST THIS". HE THEN ADDED THAT IT WOULD BE MISTAKE TO PUT THIS DOWN ON PAPER AT PRESENT TIME SINCE "OLD PEOPLE" WOULD SAY NO AND IT WOULD BE HARD TO CONVINCE "NEW PEOPLE" TO ACCEPT IT.

4. STOJILJKOVIC STATED TIME IS CRUCIAL FACTOR NOW, AS HE WILL BE OUT OF COUNTRY FROM APRIL 24 TO MAY 10. CEMOVIC WILL TAKE OVER AS PRESIDENT OF MONTENEGRIN EXECUTIVE COUNCIL BY END OF LIMITED OFFICIAL USE

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APRIL. NEW FINANCE SECRETARY, WHO WILL BE SERBIAN VICE-PRESIDENT PETAR KOSTIC, WILL TAKE OFFICE MAY 16. IF CEMOVIC LETTER RECEIVES POSITIVE RECEPTION AT EXIM, STOJILJKOVIC SAID, WHAT IS NOW REQUIRED IS THAT LAWYERS SIT DOWN AND WORK OUT DRAFTS. HE SUGGESTED THAT DIALOGUE BE CONTINUED IMMEDIATELY THROUGH EMBASSY AND FINANCE SECRETARIAT, AND THAT EXIM TECHNICAL TEAM FOLLOW UP WITH VISIT TO BELGRADE FOR NEGOTIATIONS WITH NATIONAL BANK VICE-GOVERNOR KOROSSEC AND FINANCE COUNSELOR JELIC. THE YUGOSLAVS PREFER MEETING IN BELGRADE DUE TO NEED FOR LOCAL EXPERTISE ON NEW LAW AND REGULATIONS. OBJECTIVE WOULD BE TO REACH AGREEMENT BY MAY 20-25.

5. REGARDING POSSIBLE VISIT BY CHAIRMAN MOORE TO YUGOSLAVIA AND TO ATTEND USYEC MEETING IN DUBROVNIK JUNE 4-7, STOJILJKOVIC SAID YUGOSLAVS HOPE MOORE CAN COME AND THAT VISIT IS "MOST WELCOME" AND SHOULD BE ENCOURAGED. THE MOMENT THEY ARE OFFICIALLY NOTIFIED, HE SAID, APPROPRIATE PEOPLE WILL BE INFORMED AND PROGRAM PREPARATION WILL BEGIN.

6. COMMENT: AT FIRST READING, COMOVIC LETTER APPEARS TO US TO BE SUFFICIENTLY POSITIVE IN TONE AND FORTHCOMING IN SUBSTANCE TO SERVE AS BASIS FOR UNDERTAKING EXCHANGE OF CONCRETE PROPOSAL

AND NEGOTIATIONS THAT COULD HOPEFULLY LEAD TO RESOLUTION OF
PRESENT IMPASSE BY END OF MAY. IF LATE MAY AGREEMENT, AT LEAST
IN PRINCIPLE, APPEARS POSSIBLE, WE STRONGLY RECOMMEND THAT
CHAIRMAN MOORE VISIT YUGOSLAVIA IN EARLY JUNE. REQUEST AT
LEAST PRELIMINARY EXIM RESPONSE TO CEMOVIC LETTER AND STOJILJKOVIC
SUGGESTIONS ON PROCEDURES BY OPENING OF BUSINESS APRIL 24, IF
POSSIBLE, SINCE STOJILJKOVIC LEAVES BELGRADE THAT DAY AND HOPES
FOR INDICATION OF EXIM REACTION BEFORE HIS DEPARTURE.
EAGLEBURGER

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